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457 Until recently, it is probable that the profits remitted abroad by foreign companies operating in Lebanon outweighed income accruing from Lebanese foreign investments and businesses operating outside the country. During and after the Second World War, however, both the latter increased substantially, and Lebanon is now a net creditor on investment account. Transfers of profits out of Lebanon were estimated at LL 11.8 million in 1951 and LL 9.2 million in 1952, while incomes accruing from foreign securities and balances, land held abroad and businesses operating outside Lebanon, have been put at approximately LL 15.6 million and LL 16.2 million, respectively. 1/ Little information is available regarding capital movements. It is known that in 1949, owing to unsettled political conditions, an appreciable amount of Syrian capital entered Lebanon and that a certain amount was brought in by Palestinian Arab refugees; during the past few years, a considerable amount of capital from Kuwait and Saudi Arabia has also been invested in real estate in Lebanon, or been deposited in Lebanese banks. In 1952, there was an influx of capital from Egypt, which partly accounts for the large figure shown in table 47. In September 1951, Lebanon repurchased $856,000 worth of its currency from the International Monetary Fund. There has been some Lebanese investment in Syria.

Monetary control and public finance

• 453 652 The increase in production, and still more in commercial and financial activity, noted above was accompanied by a development of the banking system. The number of banks operating in Beirut rose from seven in 1945 to twenty-one in 1954; the proportion of Lebanese banks increased more than correspondingly, but they still play a minor role in the financial structure. 2/ There has been a large increase in bank deposits, from LL 27.5 million in 1939 to LL 227.1 million in 1945 and, after a decline to LL 180.6 million in 1949, LL 392.2 million in 1954; this has led to a marked reduction in interest rates. 3/ A significant proportion of the increase in deposits represents foreign capital which entered Lebanon either for greater security or, more commonly, for short-term investment in commercial and financial transactions, including the transit and gold trades; moreover, in recent years, several foreign firms have opened branches in Lebanon or moved to it their main agencies for the Middle East.

1/ Ibid., pages 35 to 36.

2/ Foreign banks which have recently opened branches in Lebanon include, in addition to the French, Egyptian and Palestinian establishments operating in 1945, Belgian, British, Iraqi, Italian, Netherlands and Saudi Arabian banks (Le Commerce du Levant, 7 July 1954). In April 1954, a law was passed reorganizing the Beirut financial market. This required dealers in gold, stocks or foreign exchange to register as members of the Beirut Exchange and to carry out all transactions within the Exchange, under rules to be drawn up by an administrative committee chosen by them (Le Commerce du Levant, 22 May 1954).

3/ The market discount rate fell from 8.5 per cent in 1945 to 6.9 in 1949, 6.15 in 1953 and 5.30 at the end of September 1954 (International Monetary Fund, International Financial Statistics).